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PROGRAMME OF ASSISTANCE TO THE PALESTINIAN PEOPLE

Report of the Administrator

I. PURPOSE

1. The present report contains an account of the activities of the Programme of Assistance to the Palestinian People (PAPP) during 1995, including its financial situation, programme delivery and strategy, operational highlights and the role of the United Nations Development Programme (UNDP) in coordination.

II. OVERALL SITUATION

2. The PAPP Programme has been enlarged and has evolved considerably in 1995 in direct response to ongoing and continuing developments in the historic peace process between the Government of Israel and the Palestinian Liberation Organization (PLO). Throughout 1995, the Palestinian Authority pursued its efforts to establish and maintain central institutions of administration, not only in the self-rule areas of the Gaza Strip and the West Bank area of Jericho, but also throughout the West Bank, in five key delegated spheres of civil administration, including education and culture, health, social welfare, tourism, and direct taxation.

3. On 28 September 1995, the landmark Interim Autonomy Agreement (or "Oslo II Accord") was signed between Israel and the PLO, which has paved the way for the transfer of all main cities and hundreds of villages in the West Bank to Palestinian self-rule. The Interim Autonomy Agreement also provides for the election of the Head of the Palestinian Authority and of an 82-member self-governing authority - the Palestinian Council - to be held on 20 January 1996.

III. FINANCIAL SITUATION

4. Total PAPP expenditures in 1995 are estimated to amount to $34 million, an increase of more than 50 per cent over 1994 expenditures of $22 million. The 1995 expenditures were made possible almost in their entirety through large-scale bilateral contributions to PAPP, including trust funds and management service agreements. During 1995, PAPP received the following contributions from various donors for programme activities to be expended in 1996: $11 million from Japan; $4 million from Norway; $2.1 million from Italy; $1.75 million from Sweden; $350,000 from Finland; $20,000 from the Netherlands; $400,000 from USAID; $1.5 million from the United Nations Capital Development Fund (UNCDF); and $35,000 from UNFPA. In addition, PAPP has firm commitments to receive further contributions totalling approximately $25 million from eight bilateral donors (the United States Agency for International Development, Canada, Finland, France, Japan, Norway, Sweden, Switzerland and the United States) over the next few months.

5. In order to deliver this greatly expanded programme, PAPP operational capacity was significantly reinforced during 1995, primarily through the recruitment of highly skilled Palestinian technical, engineering and programming professionals. Two new technical sections were added, one in public administration management, which is now fully established, and one in rural development, which is being set up. The Gaza Office was given a large degree of delegated responsibility, and was significantly reinforced by the addition of more than 20 staff members, including engineers, programme staff and United Nations Volunteers (UNV) specialists. Another important and clear trend in the latter half of 1995 was the integration of UNDP-financed expertise into the emerging Palestinian public administration. PAPP human resource capacity was also significantly enhanced through the support provided by several bilateral donors through the Junior Professional Officer (JPO) programme.

6. A unique aspect of the PAPP programme is that it is to a very large degree self-financing. The core administrative budget contribution to PAPP from UNDP central resources amounted to only $713,000 in 1995, or just 2 per cent of what PAPP was able to deliver in 1995; all other administrative costs were met through the income generated by the PAPP implementation of donor-funded projects. In addition, because PAPP draws largely upon locally available resources and expertise, and because most of the generated income gets reinvested at the field-office level, the PAPP programme has proven to be a very cost-effective implementation mechanism for bilateral donors.

7. PAPP core resources will amount to $4 million under successor arrangements for each of the two years in the period 1997-1998. Because fifth cycle resources for PAPP have been fully expended, these resources can be borrowed earlier, not to exceed $4 million for possible disbursement in 1996. The increase in core resources will enable PAPP to initiate and further develop new priority programmes to support the Palestinian Authority and to continue to attract large-scale donor funding as well.

IV. PROGRAMME DELIVERY AND STRATEGY

8. PAPP strategy in 1995 was to mobilize and target bilateral donor contributions to meet rapidly emerging priorities, emanating from the changes in Palestinian society and institutions brought about by the peace process. This strategy was aimed at translating the changes brought about by the peace process into immediate, positive, and tangible impacts for the Palestinian people.

9. Within this context, utilizing the sustainable human development approach, PAPP activities in 1995 had three overriding objectives: (a) to support the institution- and capacity-building processes upon which the Palestinian Authority had embarked since its establishment in the Territories in May 1994; (b) to progress from direct PAPP-execution, which was necessary before the arrival of the Palestinian Authority, to a new generation of projects where the PAPP role is increasingly confined to technical support, supervision, and facilitation; and (c) to focus on poverty elimination by helping to create employment opportunities, especially in Gaza, where widespread unemployment has proven to be the primary obstacle impeding economic growth in the West Bank and Gaza Strip, since the peace process began.

10. In addition, PAPP undertook a programming exercise during 1995 to formulate, for the first time, a comprehensive and forward-looking strategic framework that will guide its programme activities in the West Bank and Gaza Strip over the next three-year period. The resulting PAPP Programme Framework (1996-1998) thus provides strategies and concrete programme initiatives in each of six key areas of intervention for PAPP: public administration management; gender in development; agricultural development; private sector development; employment-generating public works programme; and environmental and social sector infrastructure.

11. The strategies and initiatives outlined in the programme framework reflect the results of an extensive consultation process that PAPP undertook, first with the Palestinian Authority to ensure that the PAPP programme would truly respond to the Palestinians' own priorities; and then with bilateral donors, other United Nations agencies, the European Union and the World Bank to ensure that PAPP activities are coordinated, from the outset, with the many other donor-supported programmes. The total programme of support, as outlined in the programme framework, amounts to $94 million for the three-year period 1996-1998.

12. The primary aim of all of the strategies and programme initiatives identified in the programme framework is to increase the technical and implementation capacities of Palestinian Authority institutions, municipality and village councils, and civil society organizations.

13. Finally, in line with the most recent developments in the peace process stemming from the recently signed Oslo II Accord, PAPP has already undertaken an extensive programming mission to the Districts of Hebron, Jenin, Nablus and Tulkharem, new areas of autonomy for the Palestinian Authority. This will be followed by another programming mission in early 1996 to Bethlehem, Kalkilya and Ramallah. The history of PAPP of operational activities in the Territories, as well as its intention soon to establish a UNDP sub-office in the West Bank city

of Nablus, will enable PAPP to support the Palestinian Authority as it expands its autonomy to new areas of the West Bank.

V. OPERATIONAL HIGHLIGHTS

14. The main success of PAPP in providing quick-delivery implementation mechanisms, and in helping the Palestinian Authority and the donor community to overcome absorptive capacity constraints is perhaps best characterized by the leadership role it has taken in the Employment-Generation Programme. The employment-generation programme, which started as an emergency scheme in 1994, primarily to provide immediate employment opportunities to unemployed labourers in the Gaza Strip, has evolved from a generalized clean-up operation to a major programme of infrastructure rehabilitation involving numerous Palestinian contractors and implemented through labour-intensive methods. The implementation modalities now include as direct counterparts the concerned municipality and village councils receiving on-the-job training from UNDP. Infrastructure rehabilitation undertaken in 1995 includes: rehabilitation work at 19 schools and 12 health facilities; construction of four large parks and five neighbourhood parks in the Gaza Strip; and the paving and tiling of over 250,000 square metres of streets and pavements. Through these public works, over 70,000 work days were created. In 1995, donors committed a total of $19 million to the Programme.

15. Highlights from the PAPP large-scale Infrastructure Development Programme as well as its strength in the West Bank and Gaza Strip during 1995 include the following: construction of water-supply systems in a number of rural villages in the West Bank, and rehabilitation and extension of water- supply systems in the cities of Nablus, Ramallah, Tulkharem in the West Bank and Khan Younis and Rafah in the Gaza Strip; continued construction on two main West Bank hospitals; the launching of a small-scale infrastructure rehabilitation and maintenance programme in partnership with the Municipality of Gaza; and construction and renovation work at the Jericho School and Sports Complex. All PAPP activities in infrastructure rehabilitation are designed to complement capital investments with the necessary technical cooperation and training of counterpart staff to ensure sustainability, proper maintenance of the infrastructure and a progressive transfer of project implementation functions to the counterpart institution. For example, PAPP initiated a project in 1995 to build the technical and management capacities of the water departments of seven West Bank and Gaza municipalities, specifically in maintenance and operation issues.

16. The PAPP Gender-in-Development Programme continued to expand in 1995, with activities aimed at promoting the role of Palestinian women in decision-making processes and empowering Palestinian women through leadership and gender training. A number of advocacy initiatives were carried out, including a comparative review of existing legislation from a gender perspective with suggested refinements to make the legal system more gender sensitive; and support to a coalition of Palestinian women's health professionals working on an innovative life cycle approach to be translated into a proposed women's health policy for the West Bank and Gaza Strip.

17. In line with the UNDP global mandate to develop national capacities for sustainable human development, PAPP initiated activities in 1995 to start the process of formulating a human development profile of the West Bank and Gaza Strip. This initiative is considered a crucial step towards defining long-term developmental goals and facilitating the dialogue between the Palestinian Authority, civil society, the United Nations and donors. Activities conducted thus far include the definition of human development indicators relevant to the West Bank and Gaza Strip and the setting-up of a viable, professional Palestinian structure to manage the process of producing the profile and of mobilizing the Palestinian community around the sustainable human development approach.

18. As part of its capacity-development efforts, PAPP responded to the most urgent needs of the Palestinian Authority by providing emergency start-up support to more than 20 of its main institutions, primarily the ministries. PAPP supported the start-up of these Palestinian Authority institutions by procuring vehicles, office equipment, computers, office furniture, and in some cases, helped to secure premises for the new institutions. This large-scale programme amounted to over $10 million of support throughout 1995.

19. Building on this initial emergency start-up support, PAPP subsequently initiated a Public Administration Development support programme to support further the Palestinian Authority institutions in their operational, administrative and human resource management tasks. This programme, which was launched through a high-level diagnostic mission conducted by the UNDP Management Development and Governance Division, will focus initially, and in close coordination with other donors in this area, on building up the capacity of the newly created Public Administration Institute to organize and implement training programmes for Palestinian civil servants in all aspects of public sector administration and management.

20. Also in the area of institution-building in the environmental field, the PAPP Water Resources Action Programme (WRAP), which initiated its activities in water resources management in 1994, provided key technical support that facilitated the establishment of the central Palestinian Water Authority (PWA) in April 1995. Concentrating on the overriding need to conserve, protect, and wisely develop scarce and valuable Palestinian water resources, WRAP is presently providing direct support to operationalizing the PWA policy, planning, monitoring and regulatory functions, and in building the skills and revenue base of the PWA. WRAP is also supporting the PWA in ensuring the effective implementation of specific terms of the Oslo II Accord, and in translating those terms into specific policy-action and investment projects.

21. PAPP also initiated two new programmes in 1995 aimed primarily at developing the capacities of Palestinian institutions. The Transfer of Knowledge Through Expatriate Nationals (TOKTEN) programme has thus far enabled more than 20 expatriate Palestinian professionals to undertake high-level advisory and training missions to support Palestinian Authority and other public and private Palestinian institutions. The TOKTEN programme has recently received a commitment of new bilateral funding that will enable it to continue throughout 1996. UNV provides volunteer specialists to work within Palestinian institutions and projects sponsored by UNDP and other United Nations agencies

for a long-term plan of skills transfer. Two specific projects have been formulated: one will provide operational-level expertise at key positions within the ministries to assist in formulating their programmes; the other will establish a Palestinian volunteer system based in youth clubs in the Gaza Strip to address critical issues facing this significant segment of the population.

22. In the area of private-sector development, PAPP, in close consultation with the United Nations Special Coordinator, sponsored a pioneering mission to assist the Palestinian Authority in defining its strategy on the establishment of industrial parks. The issue of industrial parks has since become one of the cornerstones of the Palestinian Authority's economic development strategy.

23. The Integrated Rural Development Programme, which was introduced in last year's report of the Administrator (DP/1995/20), has continued to expand its activities into other micro-regions of Jenin District, the poorest area in the West Bank. The Programme utilizes participatory development planning and implementation tools and focuses on strengthening village-level planning, financial and project management capacities to support the devolution of public-sector funding to local levels. The success of the Integrated Rural Development Programme, and the participatory methodologies that it employs, led to a further $1.5 million contribution in 1995 for local-level infrastructure rehabilitation and construction from the United Nations Capital Development Fund.

24. In an effort to support reconciliation and the wider Middle East peace process, PAPP has now started to promote and facilitate Palestinian participation in Middle East and Mediterranean regional conferences and training seminars to support the progressive integration of the West Bank and Gaza Strip into the region. UNDP has facilitated the implementation of a regional project of the International Convention Against Desertification, involving experts from the Palestinian Authority, Israel and Jordan, as well as initiating an exchange of experts in agricultural research and extension between the Territories and Egypt, Israel and Jordan.

25. PAPP has also supported the United Nations Population Fund (UNFPA) in its preparatory work to assist the Palestinian Authority to undertake a population and housing census that will provide essential data and information upon which the Palestinian Authority can develop well-targeted economic and social policies. In addition, PAPP has started to establish a partnership with the Food and Agriculture Organization of the United Nations to provide a large-scale programme of policy advisory support and institutional-strengthening in the field of agriculture. The Programme also had collaborative relationships with the United Nations Children's Fund, the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the United Nations Industrial Development Organization and the International Labour Organization.

26. On 30 March 1995, the Associate Administrator of UNDP inaugurated the new office of the Programme of Assistance to the Palestinian People in the Gaza Strip. The Gaza Office, which was significantly reinforced throughout 1995, greatly facilitates PAPP channels of communication with the many Palestinian Authority institutions based in Gaza and provides key support to the implementation of many PAPP activities. Sixty per cent of ongoing PAPP programme activities are based in the Gaza Strip.

27. To ensure the continued quality and effectiveness of its activities, PAPP initiated several technical review and evaluation missions during 1995, including a tripartite review of the Water Resources Action Programme and a technical review of the PAPP Engineering Unit.

28. Although its expenditures increased by more than 50 per cent from 1994 to 1995, PAPP still experienced a hindrance in the pace of programme delivery during 1995, due to two primary reasons: the frequent closures of the border between the Gaza Strip and Israel, which at times severely restricted the free flow of goods and people; and the difficulty of many newly established counterpart Palestinian institutions to define clearly their mandates, priorities, and needs for technical cooperation and capital assistance. This latter aspect is well understood as being an inevitable part of the capacity-building process, which, as mentioned above, UNDP tries to mitigate through some of its advisory services in public administration management.

VI. UNDP ROLE IN COORDINATION

29. Throughout 1995, PAPP continued its active support to the United Nations Special Coordinator in the Occupied Territories, who was appointed by the Secretary-General in June 1994 to facilitate coordination among respective United Nations programmes and agencies operating in the West Bank and Gaza Strip.

30. PAPP support to the United Nations Special Coordinator includes serving as Secretariat to 6 of the 12 sectoral working groups established in January 1995 to promote and coordinate activities of the donors in various sectors according to Palestinian Authority priorities. The PAPP role in coordination also included taking the lead role, at the request of the United Nations Special Coordinator, in preparing the initial drafts of four of the six United Nations strategy papers for the United Nations priority sector groups, which were established for the primary sectors of United Nations involvement: education; employment-generation; health; infrastructure and housing; institution-building; and private-sector development.

31. The PAPP programme framework (1996-1998), which reflects and is consistent with United Nations priorities as developed in the United Nations strategy papers should also serve as an additional tool in helping to promote donor coordination.

32. In addition, PAPP participates in the Consultative Group meetings of donors, as well as in other international donor events, such as the multilateral working group meeting on water and the environment in June 1995 and the Middle East and North Africa Economic Summit, held in Amman, Jordan in September 1995.

VII. EXECUTIVE BOARD ACTION

33. The Executive Board may wish to:

1. Take note of the present report; and

2. Encourage the international donor community to continue its high level of contributions to the Programme of Assistance to the Palestinian People and to take full advantage of the Programme's well-tested implementation and delivery capacities.